

China's New Diplomacy Towards Southeast Asia: Motivations, Strategies, and Implications

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Abstract

This article addresses three questions: why is China interested in Southeast Asia? What strategies has China employed to achieve its foreign policy objectives? And what's the impact on international political economy? China's skillful diplomacy, geographic proximity, economic complementarity, and a large presence of overseas Chinese willing to promote relations between their countries of residence and their ancestral homeland all contributed to China's rising popularity in Southeast Asia. The mutually beneficial China-Southeast Asia relationship is a successful South-South cooperation in international political economy. The article also suggests that despite China's growing influence in the region, the United States remains a dominant power in Southeast Asia. For China to become a truly responsible global power, it needs to pay more attention to other development issues such as environment and human rights.



Biography

Zhiqun Zhu is currently John D. and Catherine T. MacArthur Chair in East Asian Politics and Associate Professor of Political Science and International Relations at Bucknell University in Pennsylvania. His recent publications include *US-China Relations in the 21st Century: Power Transition and Peace* (Routledge, 2006), *Understanding East Asia's Economic "Miracles"* (AAS Publisher, 2009), *Global Studies: China* (ed. McGraw-Hill, 2010), and *China's New Diplomacy: Rationale, Strategies and Significance* (Ashgate, 2010). His teaching and research interests include Chinese politics, East Asian political economy, and US-East Asian relations. He has received several research grants and fellowships and was named a POSCO Fellow by the East-West Center in Hawaii in 2006 and a Senior Visiting Fellow by the National University of Singapore in 2010.

Since the early 1990s, China's diplomacy has experienced some significant transformations. While the fundamental principles of China's independent and peaceful foreign policy remain unchanged, this new diplomacy is characterized by China's efforts to seek oil and other energies, to expand trade and investment, and to project soft power. This paper addresses three questions: what are the motivations behind China's new diplomacy towards Southeast Asia? What strategies has China employed to achieve its foreign policy objectives? And what is the impact on international political economy?

Chinese-Southeast Asian relations have experienced ups and downs since 1949. During most of the Cold War, China was seen by many Southeast Asian nations as an exporter of communism. Diplomatic relations were strained as Southeast Asian governments suppressed communist insurgents, many of whom were ethnic Chinese. In fact, ASEAN was first established in 1967 as an anti-communist political group. Normal political and economic relations between China and most Southeast Asian nations were almost non-existent.

China and ASEAN established official links in 1991. In the early 1990s, the relationship was still tentative at best. To a large extent, the 1997 Asian financial crisis, which offered an opportunity for China to upgrade its relations with the region, was a turning point and fundamentally changed Chinese-Southeast Asian relations. While the United States was critical of Southeast Asia's development model and slow in its response

when the crisis hit the region, China quickly responded, with an immediate promise not to devalue its currency. After the crisis, ASEAN Secretary General Rodolfo Severino announced, "China is really emerging from this smelling good."¹ By November 1997, the relationship had evolved to the level of annual ASEAN plus China summits.

Since the late 1990s China has advanced its relations with ASEAN states in numerous fields including foreign aid, trade, finance, infrastructure, labor, environment, tourism and education. For China, strong ties with ASEAN are particularly significant in its relation to the rest of the world. They are a crucial part of China's good neighbor diplomacy (*mulin waijiao*). If relations with ASEAN nations are smooth, China can claim that it is a peaceful power and is trusted in its own neighborhood.

Motivations of China's New Diplomacy in Southeast Asia

1) Strategic importance

China needs a peaceful environment for its continued economic growth. Southeast Asian nations are considered China's "periphery countries" (*zheoubian guojia*) to which China pays particular attention. Southeast Asia contains all the shipping routes for China's energy imports and transportation from the Middle East, Africa and Latin America. Roughly 80 percent of China's energy imports transit through the Malacca Strait. China is expected to import more energy and other resources through these sea routes, espe-

cially the Malacca Strait, yet it is extremely vulnerable to any disruptions at these choke points. China wishes to reduce its dependence on energy supplies through the Malacca Strait but has few alternatives now. This predicament has been dubbed China's "Malacca Dilemma" by Chinese scholars and media.

China needs a peaceful environment for its continued economic growth.

Partly to address this dilemma, in June 2009 CNPC announced a plan to construct an oil pipeline connecting Myanmar with China. The 1,100 km crude oil line starts from the port of Kyaukryu in Myanmar and ends in Kunming. The oil pipeline, when completed, will be used to transport oil to China from the Middle East and Africa as well as Myanmar itself.

As a close neighbor, Southeast Asia also serves other strategic purposes for China. After the Cold War and during much of the 1990s, there was a heated debate in the United States regarding its policy toward China: Engagement or containment? Since the mid-1990s, China has supported ASEAN as a collective body in order to balance the strategic pressure of the United States. Many Chinese efforts to promote relations with ASEAN were intended to forestall a possible US con-

tainment strategy.

2) Reaping benefits from trade and investment

Economic cooperation remains the focus of China's relations with Southeast Asian nations. Sino-ASEAN trade grew from \$8 billion in 1991 to over \$200 billion in 2007 and \$230 billion in 2008. When the ASEAN-China FTA is implemented by 2010, the world's largest free trade zone will be created with 1.7 billion people, a total GDP of \$2 trillion, and total trade volume exceeding \$1.2 trillion.² Southeast Asia, home of the majority of the Chinese overseas population, is also a major investor in China's economic and social projects. By the end of 2005, Southeast Asian nations and businesses had invested in nearly 30,000 projects in China, totaling about \$40 billion.³

Southeast Asia is fast emerging as an important supplier of China's industrial commodities and energy, and the region as a whole runs a trade surplus with China. China displaced the United States as ASEAN's top trading partner in 2008. As planned, trade in goods will be liberalized by 2010 for China and the six older ASEAN members, and by 2015 with four newer members: Cambodia, Laos, Myanmar, and Vietnam. Poorer countries in Southeast Asia benefit most from China's investment with added infrastructure—roads, ports, bridges, hospitals, schools, etc. The infrastructure projects funded by China seem clearly aimed at helping to assure China's access to natural resources and to enhance its soft power.

China and Singapore enjoy strong economic ties. The two countries signed a FTA in October 2008. During Premier Wen Jiabao's visit to Singapore in November 2007, he and his Singaporean counterpart Lee Hsien Loong signed several cooperation agreements including the deal for the eco-city in Tianjin near Beijing. Singapore was a leading investor in a multi-billion dollar industrial park in Suzhou near Shanghai during the 1990s.

Two-way trade between China and Malaysia is expanding by 20-25 percent per year. Having exceeded \$33 billion in 2007, it is projected to reach \$50 billion by 2010.⁴ In November 2006, Malaysia's state-owned energy company, Petronas, won a 25-year contract to supply Shanghai with three million tons of LNG per year in a deal worth \$25 billion—by far the largest single trade deal between the two countries.

Until a few years ago, China was considered an almost hostile power in Indonesia. Now China is forging close diplomatic and political links with Indonesia, which has deep reserves of oil as well as LNG. Sino-Vietnamese trade has also jumped from the modest \$30 million in 1991 to \$4.9 billion in 2004 to a record \$15.9 billion in 2007. This makes China Vietnam's biggest trading partner.⁵ Cambodia is believed to have granted China the rights to one of its five offshore oil fields that could yield as much as \$700 million to \$1 billion a year.⁶

Northern Myanmar has a large ethnic Chinese population, creating cultural ties that facilitate trade between the countries.

With proven natural gas reserves of about 2.48 trillion cubic meters, representing 1.4 percent of the world supply, Myanmar is increasingly at the center of a growing competition between China and India to



ASEAN seal and flags of member nations

develop and transport offshore natural gas to their respective home markets.⁷ China has built dams and roads connecting the interior of Myanmar to China's southern flank, and is reported to be working on a deep-water port on Myanmar's west coast. China's influence is clearly growing in Myanmar. In June 2007, China brokered an unusual direct meeting in Beijing between a senior US State Department official and Myanmar's minister of foreign affairs.⁸

In Cambodia, Prime Minister Hun Sen boasted of China's offer of \$600 million in "no strings attached" loans, which was made during a visit from Chinese Premier Wen Jiabao in Spring 2006. According to Hun Sen, the traditional lenders, such as the World Bank, the Asian Development Bank (ADB), the United States and Japan,

together pledged just \$1 million more than China, and the money came laden with conditions.

In 2006 in the Philippines, China was offering an extraordinary package of \$2 billion in loans each year for three years from its Export-Import Bank. That made the \$200 million offered separately by the World Bank and the Asian Development Bank “look puny”, and easily outstripped a \$1 billion loan under negotiation with Japan.⁹ To compete with America’s influence in the region, China has pledged an initial \$6.6 million grant to the Philippine Army in September 2007. China had offered provisionally to provide as much as \$1.2 billion in financial facilities for the Philippine military. It has also supplied weapons to the Philippine military such as Harbin Z-9 utility helicopters.¹⁰

3) Seeking ASEAN's support against Taiwanese independence

With China’s growing power and influence in the region, most Southeast Asian nations have demonstrated deference to China over the Taiwan issue. They seem to appreciate China’s policy of maintaining the *status quo* across the Taiwan Strait and opposed Taiwan’s destabilizing policies during the Chen Shui-bian administration (2000-2008). Rodolfo C. Severino, former ASEAN secretary general, remarked that being an inter-governmental organization, ASEAN does not find it proper to deal officially with Taiwan in the same way that it conducts relations with sovereign states. He said for the sake of regional prosperity and stability, ASEAN would love to see Tai-

wan avoiding any moves toward *de jure* independence.¹¹

The Singapore government has repeatedly expressed its concern about Taiwan’s movement toward formal independence and explicitly voiced its opposition to Taiwanese independence. For example, Prime Minister Lee Hsien Loong made clear Singapore’s position on the Taiwan issue while holding talks with visiting Chinese Premier Wen Jiabao on November 18, 2007. “Singapore supports the one-China policy and opposes ‘Taiwan Independence,’” Lee reiterated.¹² Singapore has occasionally played the role as an intermediary between the PRC and Taiwan. Singapore’s Minister Mentor Lee Kuan Yew helped both sides communicate in the 1970s and 1980s, and in 1993 Singapore hosted the historic talks between envoys from the two sides of the Taiwan Strait.

Deferring to China’s wishes, most governments in Southeast Asia have banned minister-level officials from visiting Taiwan. As an indication of the PRC’s victory over Taiwan in the diplomatic competition, Taiwan does not have formal diplomatic relations with any of the ASEAN members. However, Taiwan maintains a notably substantial presence in Southeast Asia through the official “economic and cultural representative offices” across the region. Likewise, most Southeast Asian nations also maintain semi-official trade and cultural offices in Taipei.

China's Strategies in Southeast Asia

China has pursued a combination of both bilateral and multilateral strategies in its relations with ASEAN. Its approach has been pragmatic, without attaching political, environmental, human rights and other conditions to its trade with and aid to Southeast Asian countries.

1) Promoting trade and investment

Flush with over \$2 trillion in foreign currency reserves, China is making big loans and making huge investments abroad, including Southeast Asia. China has provided generous aid packages to Southeast Asian nations. In April 2005 President Hu Jintao signed a Strategic Partnership agreement with President Susilo Bambang Yudhoyono of Indonesia, extending credit and loans for \$300 million worth of infrastructural projects and more than \$10 billion of private sector investment to Indonesia. In September 2006 China announced a large aid package comprising \$2 billion of loans a year for the next three years for the Philippines, outshining offers of \$200 million from the World Bank and ADB, and negotiations for \$1 billion from Japan.¹³

Throughout the 1990s, Sino-Philippine relations had centered on the contentious issue of ownership of the Spratly Islands, resulting in tense physical and diplomatic stand-offs between the two countries. After President Gloria Macapagal Arroyo assumed power in 2001, Sino-Philippine relations grew so fast that President Arroyo has reportedly appointed at least four special envoys to manage the two

countries' growing economic, political, and strategic ties.¹⁴ During one of Arroyo's visits to Beijing, she signed a confidential protocol with China related to the exploration of South China Sea oil resources. The agreement would allow China to explore for oil resources within the Philippines' exclusive economic zone (EEZ), including areas that the two sides have historically disputed. Pleased with the status of Sino-Philippine relations, in 2007 President Arroyo declared China to be "a very good big brother."¹⁵

China has provided billions of US dollars worth of Official Development Assistance (ODA) to Southeast Asian nations. In a short time span, the PRC has become a major player in ODA to the Philippines: according to one report, in 2006 it ranked fifth, behind Japan, the ADB, World Bank and United Kingdom, providing 5 percent, or \$460 million, of \$9.5 billion in total ODA.

A fast-growing Chinese presence is one of the most striking features in Laos these days. Since 2000 China has been pouring billions of dollars in development aid and investment into the land-locked country. The new stadium, built for the Southeast Asia Games in 2009, was financed by the China Development Bank. According to official statistics, at least 30,000 Chinese live in Laos, but in reality the figure could be 10 times greater.¹⁶

In 2006, China's Guangxi Autonomous Region government made a proposal to build a Pan-Beibu Gulf (Tonkin Gulf) Economic Zone. The envisioned N-S Economic Corridor attempts to encom-

pass South China and Indochina. In all, it will cover China, Vietnam, Laos, Cambodia, Thailand, Malaysia and Singapore while Myanmar and some ASEAN archipelagic countries such as Indonesia can be drawn in by extension. If properly constructed and managed, the N-S corridor could become the backbone of China-ASEAN economic cooperation. It could become a corridor for the flow of human resources, commodities, information, and capital.

China was the first country to establish diplomatic relations with East Timor when the latter gained independence on May 20, 2002. Though China's aid and investment in East Timor is dwarfed by that from major donors such as the EU, Australia, Japan, and Portugal, China has focused its investment on key public projects. In early 2008, China handed over the Ministry of Foreign Affairs building, a large office complex built at a cost of \$7 million. Several miles away, the construction of the new presidential palace, paid for with \$6 million in Chinese aid, was nearing completion in 2009. China's next major aid project will be a \$6 million office complex to house the Ministry of Defense and Security and headquarters for the East Timor Defense Force.¹⁷ Two-way trade quickly expanded from \$1.7 million in 2005 to \$9.4 million in 2008, making China East Timor's fourth largest trading partner after Indonesia, Singapore, and Australia. China also provided aid to help improve East Timor's human resources. The Chinese government has made available a number of university scholarships for East Timorese. Since 2004, China has dispatched two batches

of resident medical teams of more than 20 doctors to the country.

China-ASEAN cooperation now covers agriculture, the information industry, human resources development, transportation, energy, culture, tourism, development of the Mekong River, and public health.



Floating market Mekong River, Vietnam

2) Exercising soft power

China has employed strategies to emphasize the softer side of its power and intentions. China's approach to Southeast Asia since the mid-1990s has been characterized by a conscious dampening of outstanding regional disputes, a willingness to engage in multilateral dialogue and in-

stitutions, and rhetoric of good neighborliness and mutual benefits.¹⁸ China has made efforts to accommodate its smaller Asian neighbors, many of which have long had tense relations with Beijing. It has tried to present an image of a friendly, peaceful, caring, and responsible neighbor. It has also participated assiduously in the ASEAN-led regional institutions such as the ARF and ASEAN Plus Three (APT) dialogues, promoting regional security.

Providing financial assistance to its neighbors is a major form of projecting soft power for China. Between 2002 and 2007, China pledged \$12.6 billion in economic assistance to Southeast Asian nations.¹⁹ Most significantly, the assistance came without any political conditions. In 2006, China announced it would donate \$1 million to the ASEAN Development Fund and provide another \$1 million to support programs of the ASEAN community. In addition, China would train 8,000 people for ASEAN in the next five years, and invite 1,000 to visit China.²⁰ It also announced it would sign a treaty establishing a “nuclear weapons free” zone in Southeast Asia, a largely symbolic move that signals its increasing willingness to forge closer ties with regional nations.

China negotiated a Declaration on the Code of Conduct for the South China Sea and formally acceded to the Treaty of Amity and Cooperation of ASEAN in 2003 as the first external signatory. Its willingness to negotiate multilaterally with rival Southeast Asian claimants in the territorial disputes over the Spratly Islands in

South China Sea reassures them that China is serious about its peaceful rise.

China's assistance often comes when most needed. In the wake of the 1997-98 Asian financial crisis, China offered \$1 billion in financial assistance to regional countries. In 2004 China was quick to send \$60 million worth of aid and supplies to regional countries affected by the tsunami.²¹ The sum of Chinese foreign aid in Southeast Asia has surpassed the amount provided by the United States. For example, in 2002, China's aid to Indonesia was double that of the United States. In 2006, China's aid to the Philippines was four times that of the United States, while the amount to Laos was three times US aid.²²

In December 2006, China announced it would provide \$200,000 in aid to the typhoon-ravaged Philippines. Typhoon Durian caused widespread damage, including 1,000 people dead or missing in the north-central province of Albay. China also agreed to provide an interest-free loan of \$12.5 million to Cambodia in the next five years to implement the projects agreed upon by both sides.²³

China has been attempting to project an image of a peacefully rising power in the world. It has used public diplomacy to reinforce the concept of peaceful development, such as through museum exhibits in Malaysia to celebrate the 600th anniversary of the voyage of Zheng He, a Ming Dynasty admiral who sailed across the world. These efforts have paid off. In Thailand, polls show that more than 70 percent of Thais now consider China

Thailand's most important external influence, though Thailand had long been a US ally.²⁴ The difficulty of gaining US visas immediately after 9/11 propelled many Thais and other Southeast Asians to travel to China as students and tourists. Studying in China has become an easy sell to young Asians eager to reap economic benefits from today's interdependent world.

To promote Chinese language and culture, the Chinese government has opened Confucius Institutes throughout Southeast Asia. As of mid 2009, at least 24 Confucius Institutes had been established in the region to promote teaching and learning of Chinese language and culture.

Status-conscious Asian families used to send their children to study in the United States or Europe. Now a berth in a top Chinese university is seen as increasingly attractive. In Malaysia, students of non-Chinese background are flocking to primary schools where Chinese is taught. In Singapore, the government still sends a handful of students on scholarships to the top universities in the United States and Great Britain, but it has introduced a parallel program to send equal numbers of its best students to China and India. In the past, experience in the United States was important; now experience in China is just as good.²⁵ Cultural exchange is a two-way street. Chinese students number in the thousands in colleges and vocational schools in several Southeast Asian nations. In 2003 11,000 PRC nationals were enrolled in Malaysian schools, representing a quarter of all foreign students and the largest single group

of students in Malaysia.²⁶

Observers of China-South Asia relations have to be amazed at the speed China is gaining popularity in this part of the world. Not too long ago, most Southeast Asian nations had a rocky and tense relationship with the communist government in Beijing. The militaries in Southeast Asia had been concerned about the "yellow fever"—the threat from the north. Public displays of Chinese culture and heritage were banned. Ethnic Chinese lived as second-class citizens in their own country. Ten years after the fall of Suharto in 1998, dragon dances were no longer forbidden and the Chinese New Year has become an official holiday. Indonesia's ethnic Chinese have their own newspapers, and Chinese firms are now competing with US and European companies for Indonesia's oil, minerals and gas. In addition, Confucianism is recognized as one of the country's official religions.

China has actively promoted tourism in Southeast Asia. Over the last decade, Chinese tourists have experienced an annual growth of 30 percent. The number of Chinese visitors to Vietnam alone reached 778,000 in 2004.²⁷ In 2007, 3.4 million Chinese tourists visited the ASEAN region, a number that, for the first time, surpassed the amount of Japanese tourists.²⁸

The Singapore-Malaysia-Thailand route is very popular among the newly rich Chinese middle class. These nations have relaxed visa restrictions for Chinese nationals, resulting in increasing numbers of

tourist arrivals. Chinese tourists, less fearful than Americans of the threat of being targets of terrorism after 9/11, are becoming the dominant tourist group in the region, outnumbering Americans and the ubiquitous Japanese. "Among some countries, China fever seems to be replacing China fear," said Wang Gungwu, Chairman of the East Asian Institute at the National University of Singapore.²⁹ All 10 ASEAN countries are approved tourist destinations for Chinese now. Massive tourist developments in Singapore, including integrated resort-casinos, are not so subtly aimed at cashing in on Chinese tourists. The casino was a hard sell in Singapore due to the government's moralistic, anti-gambling tone in the past.

As another way of enhancing its soft power, in the early 21st century China dropped its militant stand on the dispute over the Spratly Islands. Instead, it is opting for a cooperative solution. China is engaging in the region within the ASEAN-led process, especially through the mechanism of "ASEAN Plus Three." There are also military exchanges between China and Southeast Asian nations. A number of Malaysian military officers have attended military academies in China, and vice versa. In August 2009, China launched the communications satellite Palapa D for Indonesia from the Xichang Satellite Launch Center in southwest China, using a Chinese-made Long March 3B rocket.

3) Highest-level involvement

In international relations, high-level meetings are not only symbolic of warming

relations between states but can often overcome difficulties and get things done. Chinese leaders have become frequent travelers to Southeast Asia and vice versa. High-level delegations from China to Southeast Asia today surpass those of the United States or any other outside power. These visits promote relations between China and Southeast Asia. In November 2000, Chinese President Jiang Zemin made his first visit to Cambodia and Laos as the head of state. Chinese and Vietnamese leaders have exchanged many visits. In November 2006, President Hu Jintao visited Vietnam and attended the 14th APEC summit in Hanoi. He went on to visit Laos.

Premier Wen Jiabao visited Singapore in November 2007 and attended the 11th APT Summit and the Third East Asia Summit held in Singapore. Premier Wen officiated at the launch of the Singapore-China Foundation which provides scholarship and exchange programs for government officials.³⁰ Chinese vice-Premier Li Keqiang paid an official visit to Indonesia in December 2008. Li said upon arrival that China highly values the strategic partnership with Indonesia and hoped that his visit would boost bilateral relations to a higher level.³¹ During Li's visit, the two countries signed energy and trade deals worth more than \$4 billion. Among the agreements were deals for the Export-Import Bank of China to provide a \$482 million loan to develop a plant in West Java and another \$293 million loan for a plant in East Java. The two countries had also signed a memorandum of understanding for a \$1 billion loan from the China Export Bank to allow Indonesia to

buy Chinese goods including machinery and steel.³²

Leaders from Southeast Asia have traveled to China often. Vietnamese Communist Party leader Nong Duc Manh visited China twice in 2007 and 2008. To further this growing tradition, Manh and President Hu announced the establishment of a high-level hotline for consultations on major issues—the first of its kind between a Vietnamese leader and a foreign counterpart.³³ Apart from annual leadership visits, the two neighbors have numerous exchanges between governmental and non-governmental officials on an almost daily basis. In October 2008, Vietnam's Prime Minister Nguyen Tan Dung journeyed to China and attended the Asia-Europe summit in Beijing.

Since Singapore and China established diplomatic relations in 1990, bilateral relations have been developing steadily. Singapore is China's seventh largest trading partner, and China's largest in ASEAN. Lee Kuan Yew maintains close personal relations with several generations of the PRC leaders and is a frequent traveler to Beijing and other places in China. Singapore sometimes serves as "a spokesman for China in the Asian region," said Guan Anping, a Beijing-based trade lawyer and former Chinese trade official. "Sometimes when it's not convenient for China to say certain things, it passes the message through Singapore."

High-level exchanges between the Philippines and China have been frequent, especially since President Gloria Arroyo took office in 2001. President Arroyo has

visited China several times while President Hu Jintao paid a state visit to the Philippines in April 2005. In addition, the annual PRC-Philippines defense talks were inaugurated in 2005. In October 2006, Chinese Defense Minister Cao Gangchuan met in Beijing with visiting Philippine Undersecretary of the Department of National Defense Antonio Santos and agreed to foster closer strategic relations between the two countries, including closer exchanges between the two militaries.

Thai Prime Minister Samak Sundaravej visited China in July 2008, his first since taking office in January 2008. In October 2006, Indonesian President Susilo Bambang Yudhoyono visited China and met with Chinese Vice Premier Huang Ju for the second Sino-Indonesian Energy Forum in Shanghai. The two countries signed a memorandum of understanding on energy cooperation and agreed that beginning in 2009, Indonesia's Tangguh gas field will provide 2.6 million tons of liquefied natural gas annually to China's Fujian Province for 25 years.³⁴ Chinese Premier Wen Jiabao hosted a gathering of ASEAN leaders in the southern city of Nanning on October 30, 2006 to celebrate 15 years of Chinese dialogue with ASEAN.

On December 30, 2008, the Chinese government announced the appointment of a senior woman diplomat as the first ambassador/special envoy to ASEAN, signaling China's growing attention to the region. The ambassador, Xue Hanqin, is a senior diplomat and an expert on international law. The appointment came af-

ter the world's two top economies—the United States and Japan—had sent envoys to the bloc earlier and showed China's willingness to strengthen ties with ASEAN. China has previously appointed special ambassadors to the Middle East and Africa, a gesture seen by observers as signaling that it attaches great importance to those areas.

4) Wooing Overseas Chinese

Southeast Asian nations have the largest concentration of Overseas Chinese. Approximately 30 to 40 million people of Chinese ancestry, or over 6 percent of the region's population, live in Southeast Asia. Since the beginning of Beijing's open door and reform policies in the late 1970s, Overseas Chinese living in Southeast Asia as well as those in Taiwan, Hong Kong and Macao have been a major source of FDI into the Chinese mainland. The Chinese government often wines and dines these Overseas Chinese, hoping that they will continue to invest in China and that they can help promote relations between their countries of residency and their ancestral homeland.

There are roughly 6 million ethnic Chinese in Indonesia. Although their numbers are small, Chinese Indonesians control a huge amount of wealth—one-half to three-quarters of private wealth in Indonesia by most estimates, and more than three-quarters of Indonesia's 20 wealthiest people are ethnically Chinese.³⁵ According to one study, at least 90 percent of Sino-Indonesian trade involves Chinese Indonesians. Buttressed by reduced

cultural barriers to doing business and a ready-made, national distribution network due to Chinese Indonesian ownerships of small businesses, they are simply the natural trading partners for Chinese manufacturers. With almost all of Indonesia's largest corporations and financial houses controlled by Chinese Indonesians, they are natural players in the Chinese market.³⁶

In Cambodia, China Radio International (CRI) and Cambodia's national radio station jointly launched an international radio service in December 2008, with 18 hours of broadcasting in Cambodian, Chinese, English, and Chaozhou (Southern Min) dialect. The programs cover current news, economy, culture, sports, and entertainment. Popular Chinese music is also introduced in the program. This new radio service is reportedly developed to counter the influence of VOA and Radio Free Asia in Southeast Asia and to cater to the needs of the Overseas Chinese in the region.³⁷ In addition, three Chinese language newspapers are published daily in Cambodia. The local Chinese communities in Southeast Asia serve as a strong linkage between these countries and China.

Assessment

1) China enjoys close relations with ASEAN nations and its influence is growing, but there are limitations.

Southeast Asian leaders and the public generally view China's development favorably. It is very rare for them to openly question China's rise. The changing per-

ception of China has been fed by a number of developments since the financial crisis in 1997. These include China's pledge not to devalue the yuan during the economic crisis, its offer of a FTA to ASEAN, a joint declaration on a code of conduct in the South China Sea, cooperation with ASEAN to combat the SARS outbreak in 2003, and China's decision to accede to the Treaty of Amity and Cooperation.

Singapore often sides with China in international affairs. While some Western politicians and activists were considering boycotting the opening ceremony of the 2008 Beijing Olympics in protest of China's crackdown on Tibetan protesters and its human rights record, Lee Kuan Yew said he and other Asian leaders would attend the ceremony since "there is no reason for us to offend the Chinese."³⁸

In May 2008, China garnered the support of ASEAN on the Tibet issue during an APT meeting in Singapore among senior foreign ministry officials from ASEAN, China, Japan and South Korea. Peter Ho, permanent secretary in the Singapore foreign ministry, who chaired the meeting, said that ASEAN "welcomed the restoration of normalcy and the latest move of the Chinese government to have contact

and consultation with the private representative of the Dalai Lama. This will help restore stability."³⁹

China has "learned how to speak the language of the region, of Southeast Asian diplomacy—multilateralism, (and) confidence-building—much more than the United States has."

The "China heat" is unmistakably perceptible. Chinese language programs attract many young students across Southeast Asia. Aileen Baviera, dean of the Asian Center at the University of the Philip-

pines, remarked that China has "learned how to speak the language of the region, of Southeast Asian diplomacy—multilateralism, (and) confidence-building—much more than the United States has."⁴⁰ In November 2000 when President Jiang Zemin visited Cambodia, his Cambodian host had thousands of children line the streets of Phnom Penh, waving tiny Chinese flags or small photographs of Jiang. The scene resembled that of a papal visit to a devoutly Catholic nation, commented Josh Kurlantzick, author of *Charm Offensive: How China's Soft Power Is Transforming the World*.⁴¹ When Premier Wen Jiabao visited Indonesia in 2003, he was toasted with frequent ovations. In contrast, when President Bush visited the same year, many Indonesian cultural and political leaders would not even meet with him.

However, there are lingering suspicions about China in some parts of Southeast Asia. Demonstrators in Hanoi protested

in early 2008 what they saw as Chinese aggression in the Spratly Islands. Such protests were rare in Vietnam but were tolerated by the government, in part because they tapped into a deep well of nationalism with roots in Vietnam's long and often bitter experience with its giant neighbor to the north. More than a thousand years of domination by China have left many Vietnamese deeply suspicious of China, although China has become Vietnam's second-largest trading partner now. China's territorial disputes and historical conflicts with Vietnam, including a bloody border war in 1979, have placed some limits on deepening relations between the two communist neighbors.

Chinese companies' efforts to expand trade and investment in the region are not always welcomed especially when they fail to generate local jobs. For instance, the Vietnamese government approved a project in late 2007 to exploit reserves of bauxite—the key mineral in making aluminum—with an investment of \$15 billion by 2025. The state-owned Chinese mining group, Chinalco, has already put workers and equipment to work in the remote Central Highlands as of early 2009. More than 2,000 Chinese workers were expected to be imported to work in the project, which led to an outcry from many unemployed Vietnamese suffering from the global economic downturn. The project was also opposed by leading figures such as Vietnam's great war hero General Vo Nguyen Giap, the last living comrade of the country's founding father, Ho Chi Minh. General Giap and others said the Chinese-run project would be ruinous to the environment, displace eth-

nic minority populations and threaten national security with an influx of Chinese workers and economic leverage.⁴² Similar complaints about Chinese investment have been heard in other Southeast Asian countries such as Malaysia, Cambodia, Laos and Singapore, where Chinese workers have been brought in to work on China-funded projects. These cases underscore the limits of Beijing's charm offensive in Southeast Asia.

In East Timor, China has established itself as an important player in the country's economic affairs after its independence in 2002. However, China's role is very limited when compared to Australia, Portugal, Indonesia, and the UN. Its efforts to access East Timor's oil and gas reserves have made little headway. China's growing ties with ASEAN notwithstanding, other powers especially the United States, Japan, Australia, and India maintain considerable influence and have a strong presence in the region.

2) Contentious issues

Contentious issues exist between China and Southeast Asia, one of the most salient of which concerns human rights, particularly the case of Myanmar. On August 8, 1988, Myanmar's military opened fire on demonstrators in what is known as the 8888 Uprising and imposed martial law. The 1988 protests paved the way for the 1990 People's Assembly elections. However, the election results were subsequently annulled by Senior General Saw Maung's government.

Aung San Suu Kyi has earned interna-

tional recognition as an activist for the return of democratic rule, and was awarded the Nobel Peace Prize in 1991. The ruling regime has repeatedly placed her under house arrest. Despite a direct appeal by former UN Secretary General Kofi Annan to Senior General Than Shwe and pressure by ASEAN, the military junta extended Aung San Suu Kyi's house arrest for another year in May 2006 and again in August 2009. The junta faces increasing pressure from Western countries. Myanmar's situation was referred to the UN Security Council for the first time in December 2005 for an informal consultation. In September 2006, ten of the UN Security Council's fifteen members voted to place Myanmar on the council's formal agenda. On January 8, 2007, UN Secretary General Ban Ki-moon urged the national government to free all political prisoners, including Aung San Suu Kyi. In late 2007 Myanmar's military government violently put down another pro-democracy protest movement led by Buddhist monks, drawing international condemnation, and tighter US sanctions. Without much pressure from China, the military regime continues with its repressive policies.

China is one of Myanmar's major trading partners and investors, including \$1.4 billion to \$2 billion in weaponry to the ruling junta since 1988 and pledges of nearly \$5 billion in loans, plants and equipment, investment in mineral exploration, hydro power, oil and gas production, and agricultural projects.⁴³ A Myanmar opposition group, the 88 Generation Students organization, urged the boycott of Beijing Olympics in protest against what it called

China's "bankrolling" of the Myanmar military government that crushed pro-democracy protests in 2007.

Like on the issue of Sudan, China is not the cause of the problem in Burma. How-



Buddhist monks

ever, as a responsible global power, China needs to do more to prevent massive human rights violations in repressive, faltering countries. Beijing's siding with the oppressive military regime tarnishes China's hard-earned image in Southeast Asia. In July 2009 ASEAN established the ASEAN Inter-Governmental Commission on Human Rights (AICHR), formally translating its rhetoric of moving from being state-centric to more people-oriented into action. The new focus on human rights by ASEAN members may add complexity to Sino-ASEAN relations in the future if China fails to put more pressure on Myanmar.

Perhaps the most controversial issue between China and Southeast Asian nations is the overlapping claims of sovereignty over the Spratly Islands in the South China Sea. The South China Sea is considered to have great gas and oil potential.

In addition, a significant proportion of the more than six million barrels of oil per day produced by China and Southeast Asian countries comes from the South China Sea region.⁴⁴ The situation in the Spratlys has improved since 1995 when China built controversial structures on Mischief Reef. Largely due to the diplomatic efforts of the Southeast Asian states in the early 2000s, China has obeyed the code of conduct in the disputed territory since then.

Any unilateral action may trigger negative repercussions in the region. For example, in April 2009, Vietnam appointed an official to be the chairman of Hoang Sa District (Paracel Islands), which compelled China to denounce it as illegal and to reaffirm its sovereignty over the Paracels. Demonstrations by Vietnamese youths broke out outside Chinese diplomatic missions in Hanoi, Ho Chi Minh City, Paris, and London in late 2007 following rumors about China's intention to establish Sansha city to govern the Paracels and Spratlys over which Hanoi claims sovereignty.

3) US-China competition or cooperation in Southeast Asia?

A 2007 Pew Research poll found that only 29 percent of Indonesians and 27 percent of Malaysians had a favorable view of the United States as opposed to 83 percent of Malaysians and 65 percent of Indonesians who had favorable views of China.⁴⁵ Other polls suggest that the United States is still viewed as the predominant soft power influence in Asia. According to a Chicago Council on

Global Affairs survey in 2008, despite China's growing influence, the United States remains the undisputed leader in soft power in Asia.⁴⁶ While many in Asia consider China to be the future leader of Asia, China fared much worse than expected in soft power—its political system, legal system, respect for human rights and normative appeal all scored very low in the eyes of Beijing's neighbors. The American culture, from Hollywood movies to MTV, remains vastly more popular and accessible, and the United States is still holding the dominant military power in the region. However, the trend is clear: the Chinese are quickly catching up.

China has made deep inroads into Southeast Asia since the mid-1990s. When leaders of China and the United States visited countries in Southeast Asia, they seemed to have brought with them two different sets of agendas. According to an article in Singapore's *Straits Times*, Chinese President Hu Jintao spent his time "touring a market place" while US President George W. Bush was "surveying the battlefield."⁴⁷ The United States, especially under President George W. Bush, did not seem to understand that the economic imperative, not the war against terror, is an issue of top concern in Southeast Asia. Southeast Asian nations want to be respected and treated as economic partners by major powers.

China has been actively expanding public diplomacy in Southeast Asia while the United States was cutting it back. CRI, with upbeat news and features, broadcasts in English 24 hours a day, while VOA broadcasts 19 hours and will soon be cut

back to 14 hours. CCTV-9, China's premier state-owned English television channel, which features suave news anchors and cultural and entertainment shows, is broadcast worldwide. America may have CNN International, but in the realm of public policy, the United States has "nothing comparable," remarked Mr. Blackburn.⁴⁸ Across Southeast Asia, American centers run by the former U.S. Information Agency, which once offered

what ASEAN needs most are stability and development, the twin goals which both the United States and China can help to achieve.

English-language training and library services, were closed and staff was slashed as part of the worldwide cutbacks in the 1990s.

The Barack Obama administration that came to office in January 2009 has paid more attention to Southeast Asia. Six months into her new role as Secretary of State, Hillary Clinton already visited Southeast Asia twice. While attending the ASEAN forum in July 2009, Clinton declared that "the United States is back in Southeast Asia." She signed ASEAN's Treaty on Amity and Cooperation and said the United States would name a per-

manent ambassador to the ASEAN secretariat in Jakarta and seek a "comprehensive partnership" with host country Indonesia. President Obama attended the APEC summit in Singapore in November 2009.

The United States remains the second largest investor in Southeast Asia after Japan. China's recent gains are not necessarily at America's expense. There is little chance of Southeast Asia being subjected to a Chinese Monroe Doctrine, even if China had such an intention of denying the region to outside powers like the United States. Because the United States has more power, more instruments, and provides more common security goods for the region than China does, Southeast Asians generally wish to maintain US involvement in the region. Specifically, countries like Singapore, Thailand, the Philippines, and Malaysia are buying a strategic insurance policy from the United States by facilitating US forward military deployment in the region to deter potential Chinese aggressiveness.

While engaging China, these countries are also developing robust and close ties with the United States and other powers such as Japan, India and Australia to balance China. As a scholar in Southeast Asia commented, Asian countries do not have much trust for one another, and the United States is perceived as the least distrusted of all major powers.⁴⁹ Most countries in Southeast Asia welcome a continued US presence. US naval ships regularly visit Singaporean and Malaysian ports, and the US navy holds annual joint exercises with their counterparts in the

region. The Philippines and Thailand now enjoy major ally status with the United States. In addition, ASEAN has also deepened its relations with other powers such as India and Japan.

It would be a mistake to view China's new diplomacy in Southeast Asia as necessarily malignant or adversarial to US interests. In fact, what ASEAN needs most are stability and development, the twin goals which both the United States and China can help to achieve. China's continuous advance into the region through both bilateral and multilateral cooperation does not necessarily mean that the United States' substantial role will be replaced. There will be competition for resources and influence in Southeast Asia between China and the United States, but the two countries can also co-operate on many issues in the region, such as securing energy supply, cracking down on drug and human trafficking, combating terrorism and piracy, and promoting stability.

Concluding Remarks

The speed of the transformation of China-Southeast Asia relations since the early 1990s has been stunning given that not long ago many countries in Southeast Asia were firmly anti-communist, and countries like Indonesia were mortal enemies of the PRC. Today, China has a powerful presence in the region and is considered a good neighbor by all Southeast Asian nations. The considerable success of Chinese diplomacy in Southeast Asia is due to a combination of bilateral and multilateral economic, political, and

cultural strategies.

China's skillful diplomacy, geographic proximity, economic complementarity, and a large presence of overseas Chinese willing to promote relations between their countries of residence and their ancestral homeland all contributed to China's rising popularity in Southeast Asia. Southeast Asian nations generally view China's development as an opportunity for their economic growth and interest in China has greatly increased. China's responsible behavior during the 1997-8 Asian financial crisis and the 2008-9 global economic downturn has been highly praised by many governments and the public in the region. The relatively peaceful environment in the South China Sea is not only testimony of China's moderate and friendly approach to the disputes but has also been conducive to China's growth at home.

The United States remains the dominant force in Southeast Asia, but Chinese influence is growing. For Southeast Asian nations, while the United States can be a distant ally with other priorities, China is right next door and is going to stay. Realizing the sensitivities of the region, China has been careful not to appear threatening as its power continues to grow. It is seen by some to be taking advantage of America's waning influence in Southeast Asia, but China is not engaged in a zero-sum diplomatic competition with the United States. In fact, the two great powers can and should turn Southeast Asia into a new venue for global and regional cooperation.

Note: This paper was based on the author's presentation at the "India, China and Asia: Geo-Civilizational Perspectives" conference in New Delhi on December 6, 2009. For a more thorough examination of China's diplomacy, please refer to the author's book, *China's New Diplomacy: Rational, Strategies and Significance* (Ashgate, 2010).

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